

## **Department of Energy**

Albuquerque Operations Office  
Los Alamos Area Office  
Los Alamos, New Mexico 87544

March 23, 2000

Dr. C. Judson King  
Provost and Senior Vice President  
for Academic Affairs  
University of California  
1111 Franklin Street, Fifth Floor  
Oakland, CA 94607-5206

Dear Dr. King:

The Department of Energy's Fiscal Year 1999 Annual Performance Appraisal Report for the University of California contract to manage and operate the Los Alamos National Laboratory is enclosed.

The purpose of the appraisal is to formally communicate the Department's (DOE) evaluation of the University under the performance-based management system contained in Appendix F of the contract. An important component of the evaluation process is the University's self-assessment of its performance at the Laboratory. We appreciate the efforts of the University and Laboratory staff that developed the report.

The overall score for the FY 1999 DOE appraisal is close to the self-assessment rating developed by the University and indicates a reasonable similarity of methodology of assessment between our two organizations. Both reports reflect the continuation of excellent performance over five years of performance-based management. The partnership efforts between our functional area teams produced refined performance expectations and measurements.

The Laboratory Management area of the appraisal has grown in significance over the years as the appraisal process has matured and the complexities of management have increased. The overall rating for this appraisal period increased slightly over last fiscal year's evaluation, although a number of areas require management attention. Again this year DOE sought comments from the University on the factual accuracy of the annual appraisal. The exercise was of value to both organizations.

Again this appraisal period, the Science and Technology area delivered quality of science, engineering, and technology development achievements that are considered "world class." As in past years, however, the programmatic management and planning measure ranked lower relative to the other performance measures and appears to show no significant improvement in this systemic problem.

Overall trends in the Operations Support areas reflect some improvement over last fiscal year. Both ER/WM and ES&H were rated Excellent. The Safeguards and Security area achieved an Outstanding rating, significantly improving over last year, while Facilities Management received the same Good rating as last year. This is an area where improvement is still needed.

Overall, the Administrative systems rating was Excellent, earning slightly less than last fiscal year.

I will discuss this year's appraisal with Director John C. Browne and look forward to continuing communications in this partnership between DOE, the University and the Laboratory. I want to engage in exchanges that ensure the clarity of our understanding of performance issues and the identification of approaches to improving performance.

The adjustment factor for Laboratory executive salaries will be addressed by DOE in a separate letter to the University of California.

At your convenience, please discuss with me any aspect of the report.

Sincerely,

Original Signed by David A. Gurulé

David A. Gurulé, P.E.  
Area Manager

Enclosure

cc w/enclosure:

Mr. V. Wayne Kennedy

Sr. Vice President for Business and Finance

University of California

Mr. Robert Van Ness

Assistant Vice President

Laboratory Administration Office

University of California

Dr. John C. Browne, Director

Los Alamos National Laboratory

Assistant Secretary for Defense Programs, DP-1, HQ

Assistant Secretary for Environment, Safety,  
and Health, EH-1, HQ

Assistant Secretary for Environmental Management,  
EM-1, HQ

Assistant Secretary for Energy Efficiency and  
Renewable Energy, EE-1, HQ

Director, Office of Science, SC-1, HQ

Director, Office of Nuclear Energy, Science  
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